### BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF C

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Rulemaking on the Commission's Own Motion to Review the Telecommunications Public Policy Programs.

Rulemaking 06-05-028 (Filed May 25, 2006)

# COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON SCOPING MEMO AND RULING OF THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE DETERMINING THE SCOPE, SCHEDULE, AND NEED FOR HEARING IN THIS PROCEEDING

#### I. INTRODUCTION

The Division of Ratepayer Advocates ("DRA") submits these Comments in response to the Assigned Commissioner and Administrative Law Judge's Scoping Memo and Ruling issued July 13, 2007. These comments will address the questions posed by the Scoping Memo and Ruling ("Scoping Memo") with respect to the Universal Lifeline Telephone Service ("ULTS" or "Lifeline") program and California Teleconnect Fund ("CTF"). We will also highlight DRA's concerns regarding any changes to those programs. Silence on a particular issue should not be construed as assent.

## I. THE UNIVERSAL LIFELINE TELEPHONE SERVICE (ULTS) PROGRAM

The Commission seeks further comment from the parties in this proceeding on adopting the concept of a fixed monthly support amount as an approach to "rethinking" the connection of California's Universal Lifeline Telephone Service (ULTS) program to basic residential rates. DRA supports the Commission's investigation into changing and updating the ULTS program and to decoupling the Lifeline rate from AT&T's basic rate.

<sup>&</sup>lt;sup>1</sup> Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge determining the scope, schedule, and need for hearing in Rulemaking (R.) 06-05-028 (2007) at 5.

However, without further analysis by the Commission of ULTS in the rate setting portion of this proceeding, the record at present lacks sufficient data and evidence to support any immediate program changes.<sup>2</sup> The data in the record does show, contrary to statements by other parties, that the current penetration rate of *all California households* has exceeded 95%,<sup>3</sup> the benchmark rate established by the Commission.<sup>4</sup> This rate indicates that the current ULTS program is fundamentally meeting its statutory goals.<sup>5</sup> As DRA explained in its earlier Comments, the appropriate starting point for changes to the Lifeline program is the premise that California's current ULTS program is both effective and sustainable.

In rethinking the framework of the ULTS program, DRA urges the Commission to ensure sufficient time to adequately address all issues involved in making such a substantial change. The heavy consequences on the availability and affordability of basic service for low-income consumers, the penetration rates in California, and statutory compliance warrants prudence in adopting the dramatic changes proposed in these proceedings. As seen here, absent the data available to direct those proposed changes, the Commission should continue to investigate the issues presented in all of DRA's Comments and strongly consider the following guidelines with respect to any changes to Lifeline: (1) modifications to the Lifeline program should be cost-effective and not impose substantial burdens on ratepayers, (2) modifications should be technologically neutral; and (3) the program should afford consumers with some level of flexibility to choose the services that best fit their needs.

<sup>&</sup>lt;sup>2</sup> DRA Reply Comments at 24.

<sup>&</sup>lt;sup>3</sup> Verizon Comments at 14, citing FCC Wireline Competition Bureau's Industry Analysis and Technology Division Report: "Telephone Penetration by Income By State" (rel. May 2006) at 11-12, accessible at http://www.fcc.gov.wcb/stats.

<sup>&</sup>lt;sup>4</sup> AT&T Comments at 3, citing D.94-09-065, 56 Cal.P.U.C.2d 117 (Sept 15, 1994), and Verizon Comments at 13, citing D.94-09-065(mimeo), at 6.

<sup>&</sup>lt;sup>5</sup> At the August 15<sup>th</sup>, 2007 "Modernizing Lifeline Workshop", Commissioner Chong stated that Lifeline penetration had reached 95% within California.

## A. Transitioning from a discounted rate to "fixed benefit" requires further Commission analysis and should be supported by data.

The Scoping Memo specifically refers to AT&T's proposal of a "fixed benefit" as providing a comprehensive proposal for the concept of a specific support amount. DRA is not conceptually opposed to the idea of a "fixed benefit," but several preliminary issues must be addressed before any such proposal could be adopted. Specifically, the Commission should obtain data showing (1) how a fixed benefit should be applied, (2) the amount of the fixed benefit and (3) the ultimate effects on the Lifeline program and its participants.

The Commission should review and analyze the data obtained to see that proposed changes adhere to the statutory goals of ensuring "high quality basic telephone service at affordable rates...to low income citizens." No party has provided any evidence that addresses these preliminary issues. Therefore, further analysis on a "fixed benefit" concept is required. As discussed below, in order to obtain the data necessary DRA recommends that the Commission should conduct a sensitivity study to address the above threshold issues before it can adopt changes from a discounted rate to a fixed benefit.

A "fixed benefit" may be beneficial in controlling the cost of the California Lifeline program. For fiscal year 2006-2007 the ULTS program had an approved budget of \$290 million (rounded up), a \$38 million increase from the previous approved budget of \$252 million (rounded up) for fiscal year 2004-2005. However, with the use of a fixed benefit, program administrators theoretically would be better able to plan for program expenditures as the benefit amount would be the same for all Lifeline customers.

<sup>&</sup>lt;sup>6</sup> Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge determining the scope, schedule, and need for hearing in R.06-05-028 (2007) at 5.

<sup>&</sup>lt;sup>7</sup> P.U. Code Section 871-884.5.

Res-T-16953, approving the Fiscal Year 2006-2007 ULTS Administrative Committee Fund Budget in Compliance with Public Utilities Code Sections 270(A), September 22<sup>nd</sup>, 2005

<sup>&</sup>lt;sup>2</sup> Res-T-16877, recast the Fiscal Year 2004-2005 and 2005-2006 Budget for the ULTS program, September 28, 2004.

Additionally, a fixed benefit may also allow for easy portability if the Commission expands Lifeline to include other technologies.

Despite the proposed benefits of this approach, a fixed benefit will subject low-income consumers to the price variations between carriers, which are expected to increase as all Uniform Regulatory Framework ("URF") ILECs move to full pricing flexibility. Even if the Commission adopted the \$18 maximum support amount as suggested in the Scoping Memo, this amount would not likely cover all telephone services used by a low-income household, much less mimic the amount currently paid by Lifeline customers.

As there remain many important factors to be considered before transitioning to a fixed rate benefit, DRA recommends that the Commission conduct a sensitivity study to determine the effects of the proposed changes on the sustainability of the Lifeline program. The study should include, at a minimum, the following parameters:

- An estimate of what the fixed benefit would do to the Lifeline fund levels, with various benefit dollar amounts to be tested,
- A survey of Lifeline customers' reactions to the fixed benefit change and a forecast of the resulting penetration rates, and
- A determination on whether the fixed benefit will constitute an affordable rate for low-income customers.

Should the Commission adopt a fixed benefit approach, DRA strongly recommends that the Commission ensure that data is collected in order to monitor the effect of such vast changes to the Lifeline program. Imperative to the collection of this vital data is to an Affordability Study, by Field Research, to collect data about low-income customers, their costs, affordability of services needed, usage patterns, and penetration information. The results of the Affordability Study will provide relevant and key findings in monitoring the effects of any enacted changes to Lifeline, which will provide the Commission with a vehicle for timely intervention if the Lifeline program

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suffers from the changed system or, if the changed system is successful, to ensure its continuance.

## B. Further analysis is required before an initial support amount can be calculated.

While numerous parties have advocated for different monetary amounts of initial support in a fixed benefit model, little information or data was provided by those parties to show how they arrived at their respective amounts proposed. The Scoping Memo provided a range of initial support between \$12 and \$18; however, the Scoping Memo does not explain how the Commission determined that range.

There has been a wide disparity of dollar amount proposals, none of them supported by data showing how those amounts would be affordable for low-income consumers. DRA will continue to evaluate this issue and expects to address it in Reply comments. While DRA agrees with the recommendation of the Communications Division ("CD")<sup>10</sup> and AT&T<sup>11</sup> that Lifeline customers have to pay some dollar amount, the record does not support any of the amounts suggested.

With respect to the way the fixed benefit should work, DRA agrees with AT&T on some basic points: 1) customers should be required to pay some amount, and 2) the benefit should only go in one direction, in other words, if the customer's bill is lower than the fixed benefit amount the customer would not be entitled to a refund of the unused amount  $\frac{12}{12}$ 

Notwithstanding the amount of initial support that is adopted, the Commission should ensure that Lifeline customers continue to be exempt from charges related to public purpose programs and that the fund continues to cover additional charges such as the End User Line Charge ("EUCL") and the Subscriber Line Charge ("SLC"). Additionally, if the total bill in a given month is less than the fixed benefit amount, the benefit should apply to the total bill extending beyond just the basic service charge. DRA

August 15<sup>th</sup>, 2007 "Modernizing Lifeline Workshop", transcript at 6-7.

<sup>&</sup>lt;sup>11</sup> August 15<sup>th</sup>, 2007 "Modernizing Lifeline Workshop", transcript at 16.

<sup>&</sup>lt;u>12</u> *Ibid.* 

continues to explore the requirement for legislative change regarding this matter and will address this issue as necessary in our reply comments.

In order to calculate the initial support amount, DRA recommends that the Commission engage Field Research to conduct the Affordability Study to acquire a better understanding of the needs within the low-income communities in California and develop a California-specific definition of affordability. Without the data to support the calculation of the amounts proposed, adopting an initial support amount at this time would be premature. Adoption of a fixed benefit amount and associated program changes should not occur until the study has been completed and parties have had time to analyze the results and present their proposals.

#### C. The subsidy amount should be changed over time.

DRA recognizes that the fixed benefit should be reviewed periodically by the Commission to ensure that it is still achieving the goals of the Lifeline program. As DRA has stated in this, and other dockets, a key factor in determining the kind of universal service support needed and what "rate" low-income customers should pay, is determining what constitutes "affordable rate(s). DRA recommends that the Commission provide a definition for that term.

In providing a definition, the Commission must consider "affordable rate(s)" within a telecommunications market that is moving towards pricing freedom for URF carriers, inevitably resulting in different rates for different geographic locations. To ensure that any reform to ULTS accommodates this new market environment, the results of the Affordability Study will be necessary to reflect pricing differentials. DRA also recommends that the Commission review the fixed benefit amount periodically to adjust it in accordance with changes to the marketplace and changes to affordability.

DRA recommends that an annual review occurs for each of the first three years, followed by a triennial review, beginning from the actual date of the change over to a fixed benefit. Should the Commission move to a fixed benefit approach, it is imperative that the Commission conduct the Affordability Study regularly, especially during the first five years of the new ULTS program. In addition to the periodic reviews, the

Commission should closely monitor the program's efficacy with the changes and make the necessary adjustments to ensure that low-income Californians continue to receive affordable telephone service.

## D. No continuing justification exists for reimbursing carrier administrative costs for the Lifeline program.

As stated in the August 15<sup>th</sup>, 2007 "Modernizing Lifeline Workshop," DRA opposes the continuation of reimbursement for carrier administrative costs for the Lifeline program. Carriers may argue that the administrative cost of acquiring new customers into the Lifeline program justifies continuing reimbursement for their administrative costs. However, the costs of acquiring new customers are not costs unique to the Lifeline program, rather they are normal costs of doing business. Moreover, nothing in the record differentiates new customer acquisition costs with other business expenditures. Without the Lifeline subsidy, carriers may be unlikely to choose to serve the low-income communities as their unsubsidized rates would not be affordable to these communities.

Carriers also economically benefit from the Lifeline program if a new Lifeline customer remains with the carrier and adds on high-priced vertical services to their phone line. Given the current de-regulated environment, the carrier should bear the administrative costs that are associated with customer acquisition and retention, including, but not limited to, the marketing and supply of service to all of its customers.

#### E. Transition Period

Any changes to the Lifeline discount rate will be a disruptive experience for California Lifeline customers. This was evident in the vast confusion and ensuing problems that followed the recent, federally mandated, changes to the verification and certification process for Lifeline customers. Thus, the Commission must takes steps to ensure that the transition to a new Lifeline framework be done slowly, smoothly, and carefully.

<sup>13</sup> August 15<sup>th</sup>, 2007 "Modernizing Lifeline Workshop", transcript at 24-25.

For these reasons, DRA recommends a minimum one year transition period to the new Lifeline system. Carriers will have substantial responsibility to inform and educate their customers about the new system via bill inserts and notices on their websites, but other groups who participate in the Lifeline program will also play a pivotal role in the transition. First, DRA recommends that the Commission consult with Solix (the Third Party Administrator for the certification and verification process) to assess their capabilities and concerns regarding any changes to the program.

Next, the Commission should hold a series of workshops, to allow participants the opportunity to set a schedule for education, marketing, and other transitional issues. Initial workshops should focus on those participants, other than customers, who should be educated about the changes, like carriers and community based organizations ("CBO"). The workshops should also focus on developing educational materials explaining the changes, such as a script, bill inserts and brochures that will be distributed to all participants. An educational component should be incorporated into the transition after development of materials. Carriers should be required to use Commission-approved scripts when explaining the Lifeline program to current and new subscribers.

Carriers, CBO's and other groups associated with or assisting customers with the Lifeline program should be trained to ensure their understanding of the changes as well as the materials to be distributed. Then, a broad-based marketing campaign accommodating multiple languages should occur, which will require the involvement of media in all forms.

Finally, the Commission should plan on holding at least nine public meetings to discuss the changes with the public and local officials. These public meetings should occur throughout the state of California, including, but not limited to the following cities/areas: San Diego, Los Angeles, Fresno, Stockton, Modesto, the Bay Area, Eureka, Long Beach and San Luis Obispo. If feasible, other areas should be included to reach as many customers as possible. DRA also notes that the current ULTS marketing contract may require an amendment to include the expanded educational outreach component.

## F. The Commission should consider including wireless in the Lifeline program.

DRA has stated in previous comments that the Commission should consider extending Lifeline to include wireless, especially in terms of a fixed benefit approach. In some instances a wireless line may be the most logical and practical means of communication for low-income communities, like migrant farm workers. As DRA stated in its Opening Comments in this proceeding, the low-income community may benefit in numerous ways if the program were expanded to include wireless service. 

DRA recommends that the Commission continue to explore the incorporation of wireless into the Lifeline program and looks forward to addressing these issues in the next phase.

Further, if changes are made to include other technologies like wireless, such changes should be made on a rolling schedule. The Commission should wait until the first triennial review of the new program before adding more services to Lifeline because there will be no method to determine the root of a problem arising from the Lifeline changes should technologies be added concurrently. Pinpointing problems to the program will be crucial to maximizing its benefits.

#### **G.** Alternative Proposals

DRA proposed alternatives to help maintain the effectiveness of the California Lifeline program in adapting to the "new regulatory regime created by D.06-08-030." In our Opening Comments in this proceeding, DRA proposed the following additions to the ULTS program:

<sup>&</sup>lt;sup>14</sup> These benefits included: Telephone connection for some ratepayers who may not otherwise be able to maintain a landline (e.g. migrant workers); ease of continuation of service when moving a household; ability to contact employers, medical services etc, regardless of location; and the possible use of the phone unit as an inexpensive access device for advanced services. *See* DRA Comments at 27.

<sup>&</sup>lt;sup>15</sup> "Scoping Memo and Ruling of Assigned Commission and Administrative Law Judge determining the scope, schedule, and need for hearing in Rulemaking 06-05-028 (2007) at 6."

- 1. Portable Subsidies.
- 2. All providers must obtain ETC status in order to draw from the ULTS fund.
- 3. Updated information about the ULTS must be included in the Commission's Consumer Protection Initiative ("CPI"). 16

DRA continues to support these proposals.

## H. Statutory change is a prerequisite to any regulatory changes to ULTS rates.

The Commission should consider all legal implications before implementing any changes to the Lifeline Program. As previously discussed, the Commission interpreted the Legislature's intent for the ULTS program as requiring some type of benchmark for measuring subscribership, and the Commission established a benchmark of 95% penetration of basic telephone service to all California households. Adopting a change in the Lifeline framework without the requisite supporting data could result in a reduced penetration rate, thereby violating the statutory goals set out by the Legislature.

In addition, P.U. Code § 874 explicitly sets out the methods for calculating ULTS rates based on the basic service rate amount. Specifically, the Lifeline telephone service rate 50% of the basic rate for flat or measured service. Pursuant to the new regulatory regime created by URF (D.06-08-030), which lifts the cap on basic residential telephone service in January 2009, the rates for basic flat rate and measured rate residential service could fluctuate significantly between providers, *and* in different geographic areas served by any particular provider. Once carrier rates for basic service, to which the ULTS rates

 $<sup>\</sup>overline{\underline{16}}$  DRA Comments at 32-34.

<sup>&</sup>lt;sup>17</sup> August 15<sup>th</sup>, 2007 "Modernizing Lifeline Workshop", transcript at 19-20, TURN and NCLC stated that there are some potential legal issues that the Commission should consider before implementing changes to the Lifeline program.

<sup>18</sup> AT&T Comments at 3, citing D.94-09-065, 56 Cal.P.U.C.2d 117 (Sept. 15, 1994), and Verizon Comments at 13, citing D.94-09-065(mimeo), at 6.

<sup>&</sup>lt;sup>19</sup> This is because the URF decision also authorized geographic deaveraging of most rates, and by January 1, 2009, rates for basic services, may also will be geographically deaveraged.

have been tied, begin to fluctuate, there will be no benchmark against which to set the 50% ULTS rate. The Commission will be in a bind, with a statutory requirement that will conflict with URF policies.

The appropriate fix to this conundrum would be to modify the statute. Consequently, DRA recommends that the Commission seek a change in the statutory language of Public Utilities Code §§ 874(a) and (b) to allow the Commission flexibility in determining the rates. As it currently reads, the statute mandates that the "lifeline telephone service" rate, for either measured or flat rate service, "shall not be more than 50 percent" of the basic rate" for that service. The statutory language should be changed to allow the Commission to adopt a flat subsidy amount, rather than a percentage, for ULTS service.

#### II. CALIFORNIA TELECONNECT FUND

A. The Commission should consider the effects on eligible CTF entities before expanding the CTF to include the over 100 California community colleges.

Prior to extending CTF to include California community colleges, as proposed in the Scoping Memo, the Commission should carefully consider the following issues:

- What current sources of funding are already used by community colleges for broadband and other telecommunications services.
- Whether the CTF user surcharge is a more appropriate source of funding than current sources for these services,
- Whether CTF funding to community colleges is likely to provide Internet access to significant numbers of Californians who do not otherwise have access,
- Whether community college internet computer facilities are made available to the non-student public as well as enrolled students, and
- The projected costs of expansion to the CTF fund.

California community colleges provide essential services to the citizens of California and are a valuable part of the state's higher education system. They also

provide a valuable tool for workforce training. However, a broad expansion of the CTF to California community colleges for the full range of telecommunications services funded for currently eligible entities may place a financial strain on the fund. For instance, eligible organizations not currently participating in the CTF could be adversely affected if CTF's funding cap is reached as a result of the proposed expansion.

Another DRA concern regarding funding community colleges is the potential for reallocation of funds by these colleges from telecommunications connection costs to other non-CTF supported costs, especially for those colleges that are underfunded or financially burdened. Enabling this type of reallocation of funds would deviate from the CTF's purpose. As a consequence, the benefits to underserved communities who receive services from CTF eligible entities and organizations could be significantly reduced. On the other hand, DRA does support expanding the CTF to include community college computer facilities that offer expanded internet access to the underserved public, like after-school computer programs, public libraries, and community technology centers. 20

DRA is also concerned that the addition of community colleges as eligible CTF recipients will push the CTF closer to its \$55 million spending cap, but how much closer will depend upon the types of services funded. The CTF budgeted Carrier Claims have increased from approximately \$23 million in FY 2007-2008<sup>21</sup> to approximately \$35 million for FY 2008-2009. Currently, no parties in this proceeding have advocated for community college eligibility nor has any data been presented to calculate the projected cost of incorporating community colleges into the CTF.

<sup>20</sup> In the case of City College of San Francisco, for example, Internet-linked computers in the main library are available for public use. Departmental computer labs on the other hand tend to include specialized licensed software needed by students for coursework, and are usually restricted to enrolled students. The former, open facilities would seem to be more consistent with CTF's broadband access objectives than the latter.

<sup>&</sup>lt;sup>21</sup> CPUC, California Teleconnect Fund, Public Program Budget Development for Fiscal Year 2007-2008.

<sup>&</sup>lt;sup>22</sup> CTF Advisory Committee, DRAFT California Teleconnect Fund Budget Expense for Fiscal Year 2008-2009.

Because community colleges are not eligible for federal E-Rate support, the funding burden on CTF would be greater with community colleges than for K-12 schools, which rely on E-Rate for substantial funding. However, in considering expansion of the CTF fund to community colleges the Commission should take into account the fact that other programs are available to ensure that advanced telecommunications services are made available as ubiquitously and economically as possible to these colleges. For example, the CENIC network provides substantial savings in access point connection and internet service and the state's CalNet leverages bulk contract discounts for T-1 access. Thus, the Commission should consider other options available to community colleges before allowing them to receive CTF funds.

DRA recommends that the Commission first explore the cost and administrative feasibility of the CTF supporting community college internet service connection costs for those facilities that are accessible to the general California public. Then, the Commission should evaluate the potential costs and social impacts of more extensive CTF support to community colleges. Until specific cost documentation is developed, along with clarification of these issues, the Commission should not expand CTF eligibility to California's community colleges.

B. Further clarification on the range of services is needed to determine whether the CTF eligible services should be expanded to mirror the federal E-rate program in relation to schools and libraries.

DRA is unclear as to the range of E-rate services that the Scoping Memo intends that the CTF expand to cover. The CTF covers connection costs, while E-Rate covers other services not funded by the CTF, like installation and maintenance services. The CTF does not include all of the services covered by E-rate services, like installing computers. Additionally, the administration of the CTF is far simpler, with lower administrative costs, and thus differs dramatically from E-rate. For example, the application process for CTF only requires a one time application, whereas E-rate applications must be made annually. Conforming the CTF application process to that of the E-rate would dramatically increase CTF program administrative costs. For these

reasons, DRA recommends that the CTF service offerings mirror E-Rate offerings only with respect to connection services.

## C. No Commission staff or third party administrator is necessary to improve the overall statewide E-rate application and participation rates.

California schools already benefit from extensive E-rate support and expertise from the State Department of Education ("DOE") with the E-rate application process. For example, DOE has had a dedicated staff person to personally assist schools specifically with E-rate applications. Similarly, the State Library has a person who coordinates USAC and CA DOE trainings for librarians. DRA believes that existing programs are sufficient to aid schools in the E-rate application process. In addition to the resources provided by the DOE to libraries, the Commission's Advisory Committee for the CTF is well equipped to address and develop recommendations to remedy specific library application problems with E-rate. Therefore, DRA recommends that improving statewide E-rate application and participation rates fall within the authority of the CTF Advisory Committee. Additionally, DRA continues to oppose third party administration of the entire CTF program.

DRA acknowledges the complexity of the E-rate application process. Librarians have complained about the difficult application process and unclear deadlines. A complex and confusing application process certainly contributes to low or decreased application and participation rates. However, an improvement to the overall statewide rates depends upon an improvement in the entire process. Therefore, the best way for the Commission to help E-rate applications and participation is to suggest that the FCC collaborate with states and applicants to develop a simpler and more straightforward application process.

## D. CTF funds may not be the appropriate source for funding the FCC's Telemedicine Pilot Program.

DRA supports California Telemedicine organizations' efforts to obtain FCC pilot program funding, but questions whether CTF funds are appropriate for funding 50% of the remaining costs if these are infrastructure costs. CTF funds are to be used specifically

for telecommunications service costs, i.e., connection costs, and not infrastructure costs. A pilot program would require funding beyond connection costs to operate, though it should be noted that the CTF fund would be able to support 50% of telemedicine connection costs under its current rules if funding is sought from telemedicine projects. Notwithstanding the possibility of applying funds from the CTF pursuant to the Digital Divide Grant Program, <sup>23</sup> the CTF should not be the primary fund used to fund the remaining infrastructure costs in California Telemedicine projects. Rather, the Commission should look to other funds that are intended to fund such projects.

As DRA proposed in its Opening Comments in this proceeding, the Commission should coordinate the use of California Emerging Technology Fund ("CETF") funds with CTF funds to deploy broadband more extensively to underserved California communities. CTF funds are permitted to fund the connection costs of Telemedicine projects, while CETF funds are permitted to support infrastructure costs. Therefore, the Commission should coordinate CTF funds in conjunction with CETF funds, using CETF funds rather than CTF funds to cover the remaining infrastructure costs of the FCC's Telemedicine Pilot Program.

E. Telephone service providers certificated to provide CTF discounts should be required to provide CTF discounts on E-rate eligible services to all qualifying CTF entities.

DRA agrees that the Commission should require telephone service providers that are certificated by the Commission to provide CTF discounts on E-rate eligible telecommunications and internet access services (as discussed in DRA's response in section B) to qualified entities. The entities that use the CTF provide important services to the underserved communities of California, and service providers should step forward to provide needed access to those services. DRA continues to evaluate how exactly the Commission might enforce such requirements.

<sup>23</sup> P.U. Code Section 280.5(c)(1).

#### III. CONCLUSION

For the foregoing reasons, DRA respectfully requests that the Commission adopt its recommendations.

Respectfully submitted,

/s/ HIEN C. VO

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August 24, 2007

#### **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of "COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON SCOPING MEMO AND RULING OF THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE DETERMINIG THE SCOPE, SCHEDULE, AND NEED FOR HEARING IN THIS PROCESS" in

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Executed on the 24<sup>th</sup> day of August 2007 at San Francisco, California.

/s JANET V. ALVIAR

Janet V. Alviar

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